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**VILLAGE OF EAST HODGE**  
East Hodge, Louisiana

**General Purpose Financial Statements  
With Accountant's Compilation Report  
And Agreed-Upon Procedures Report  
As of and For the Year Ended  
June 30, 2000  
With Supplemental Information Schedules**

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Release Date 1-17-01

VILLAGE OF EAST HODGE  
East Hodge, Louisiana

General Purpose Financial Statements  
With Accountant's Compilation Report  
And Agreed-Upon Procedures Report

As of and For the Year Ended  
June 30, 2000  
With Supplemental Information Schedules

**C O N T E N T S**

	Statement	Page No.
<b>Accountant's Compilation Report</b>		3
<b>General Purpose Financial Statements:</b>		
Combined Balance Sheet - All Fund Types and Account Groups	A	5
<b>Governmental Fund Type - General Fund:</b>		
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	B	6
<b>Proprietary Fund Type - Water and Sewer Enterprise Fund:</b>		
Statement of Revenues, Expenses, and Changes in Retained Earnings	C	7
Statement of Cash Flows	D	8
Notes to the Financial Statements		9
	<b>Schedule</b>	<b>Page No.</b>
<b>Supplemental Information Schedules:</b>		
Schedule of Compensation Paid Aldermen	1	22
Summary Schedule of Prior Year Findings	2	23

VILLAGE OF EAST HODGE  
East Hodge, Louisiana  
Contents, June 30, 2000

**C O N T E N T S (CONTD.)**

	<b>Schedule</b>	<b>Page No.</b>
<b>Supplemental Information Schedules (Contd):</b>		
Corrective Action Plan for Current Year Findings	3	24
<b>Accountant's Report on Applying     Agreed-Upon Procedures</b>		27
Louisiana Attestation Questionnaire		31

*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

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**Accountant's Compilation Report**

MAYOR AND BOARD  
OF ALDERMEN  
VILLAGE OF EAST HODGE  
East Hodge, Louisiana

I have compiled the accompanying general purpose financial statements and supplemental information schedules, as listed in the foregoing table of contents, of the Village of East Hodge as of June 30, 2000, and for the year then ended, in accordance with standards established by *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Village of East Hodge. I have not audited or reviewed the accompanying general purpose financial statements and schedules and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated December 1, 2000, on the results of my agreed-upon procedures.

*Carleen Dumas*

Calhoun, Louisiana  
December 1, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS**

VILLAGE OF EAST HODGE  
East Hodge, Louisiana  
ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet, June 30, 2000

	GOVERNMENTAL FUND TYPE- GENERAL FUND	PROPRIETARY FUND TYPE - WATER AND SEWER ENTERPRISE FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>				
Current assets:				
Cash	\$1,836	\$9,319		\$11,155
Investments		5,474		5,474
Receivables	962	3,136		4,098
Total current assets	2,798	17,929	NONE	20,727
Restricted assets - cash		109		109
Water system plant and equipment (net of accumulated depreciation)		145,858		145,858
Land, buildings, and equipment			\$533,964	533,964
<b>TOTAL ASSETS</b>	<b>\$2,798</b>	<b>\$163,896</b>	<b>\$533,964</b>	<b>\$700,658</b>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Current liabilities:				
Accounts payable	\$1,028	\$559		\$1,587
Customer meter deposits		6,537		6,537
Total current liabilities	1,028	7,096	NONE	8,124
Long-term liabilities - revenue bonds payable		70,000		70,000
Total Liabilities	\$1,028	77,096	NONE	78,124
Fund Equity:				
Investment in general fixed assets			\$533,964	533,964
Contributed capital		89,522		89,522
Retained earnings:				
Reserved for bonds payable		109		109
Unreserved - undesignated (deficit)		(2,831)		(2,831)
Total retained earnings	NONE	(2,722)	NONE	(2,831)
Fund balance - unreserved - undesignated	1,770			1,770
Total Fund Equity	1,770	86,800	533,964	622,425
<b>TOTAL LIABILITIES         AND FUND EQUITY</b>	<b>\$2,798</b>	<b>\$163,896</b>	<b>\$533,964</b>	<b>\$700,658</b>

See accompanying notes and accountant's compilation report.

## Statement B

VILLAGE OF EAST HODGE  
East Hodge, Louisiana  
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget  
(GAAP Basis) and Actual  
For the Year Ended June 30, 2000

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$1,500	\$1,007	(\$493)
Sales	1,800	1,400	(400)
Franchise	3,600	3,663	63
Occupational licenses	2,000	2,050	50
Intergovernmental- state funds	1,700	2,276	576
Traffic fines	200	206	6
Other revenues	500	2,464	1,964
Total revenues	<u>11,300</u>	<u>13,066</u>	<u>1,766</u>
<b>EXPENDITURES</b>			
General government - current:			
Personal services and related benefits	3,900	3,500	400
Operating services	6,500	7,957	(1,457)
Materials and supplies	900	2,379	(1,479)
Capital outlay		520	(520)
Total expenditures	<u>11,300</u>	<u>14,356</u>	<u>(3,056)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	NONE	(1,290)	(1,290)
<b>OTHER FINANCING SOURCES - operating transfers in</b>	<u>NONE</u>	<u>700</u>	<u>700</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	NONE	(\$590)	(\$590)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>2,320</u>	<u>2,360</u>	<u>40</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$2,320</u>	<u>\$1,770</u>	<u>(\$550)</u>

See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE  
 East Hodge, Louisiana  
 PROPRIETARY FUND TYPE -  
 WATER AND SEWER ENTERPRISE FUND

Statement of Revenues, Expenses,  
 and Changes in Retained Earnings  
 For the Year Ended June 30, 2000

**OPERATING REVENUES**

Water and sewer fees	\$33,489
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**OPERATING EXPENSES**

Salaries	3,571
Payroll taxes	166
Audit	1,000
Advertising	502
Supplies	935
Utilities	4,515
Repairs and maintenance	1,619
Insurance	5,429
Office supplies	269
Fees	1,230
Labor	1,631
Depreciation	17,498
Other operating expenses	1,366
Total operating expenses	<u>39,731</u>

<b>OPERATING INCOME (Loss)</b>	<u>(6,242)</u>
--------------------------------	----------------

**NON-OPERATING REVENUES (Expenses)**

Interest income	242
Operating transfers out	(700)
Interest expense	<u>(4,320)</u>
Net non-operating revenues (expenses)	<u>(4,778)</u>

<b>NET INCOME (Loss)</b>	(11,020)
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Add depreciation on fixed assets acquired with federal grant	<u>4,817</u>
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<b>NET DECREASE IN RETAINED EARNINGS</b>	(6,203)
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<b>RETAINED EARNINGS AT BEGINNING OF YEAR</b>	<u>3,481</u>
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<b>RETAINED EARNINGS (Deficit) AT END OF YEAR</b>	<u><u>(\$2,722)</u></u>
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See accompanying notes and accountant's compilation report.

VILLAGE OF EAST HODGE  
 East Hodge, Louisiana  
 PROPRIETARY FUND TYPE -  
 WATER AND SEWER ENTERPRISE FUND

Statement of Cash Flows  
 For the Year Ended June 30, 2000

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income (Loss)	<u>(\$6,242)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	17,498
Increase in accounts receivable	(196)
Increase in customer deposits	185
Increase in accounts payable	<u>559</u>
Total adjustments	<u>18,046</u>
Net cash provided by operating activities	<u>11,804</u>

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Principal on long-term debt	(4,000)
Interest on long-term debt	(4,320)
Increase in investments	(242)
Operating transfers out	<u>(700)</u>
Net cash used by capital and related financing activities	<u>(9,262)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest earnings	<u>242</u>
-------------------	------------

**NET INCREASE IN CASH** 2,784

**CASH AT BEGINNING OF YEAR** 6,644

**CASH AT END OF YEAR** \$9,428

See accompanying notes and accountant's compilation report.

**VILLAGE OF EAST HODGE**  
East Hodge, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2000

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of East Hodge operates under a Mayor-Board of Aldermen form of government. The mayor and aldermen serve four-year terms which expire on December 31, 2000. The village has a part-time clerk and Chief of Police.

**A. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of the Village of East Hodge have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

As the municipal governing authority, for reporting purposes, the Village of East Hodge is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the village), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Village of East Hodge for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body,  
and

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

- a. The ability of the village to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the village.
2. Organizations for which the village does not appoint a voting majority but are fiscally dependent on the village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the village has determined that there are no component units that should be considered as part of the village reporting entity.

**C. FUND ACCOUNTING**

The village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds are used to account for all or most of the village's general activities, including the collection and disbursement of specific or

See accountant's compilation report.

## VILLAGE OF EAST HODGE

East Hodge, Louisiana

### Notes to the Financial Statements (Continued)

legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds include:

#### **General Fund**

The General Fund is the general operating fund of the village. It accounts for all financial resources, except those required to be accounted for in other funds.

#### **Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

#### **Water and Sewer Enterprise Fund**

The Water and Sewer Enterprise Fund is used to account for the operations of the village's water and sewer system. The use of enterprise funds is appropriate where the intent of the village is that the cost (expenses, including depreciation) of providing service to the general public on a continuing basis be financed or recovered primarily through user charges.

### **D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used for reporting all governmental fund types. The governmental funds use the following practices in recording revenues and expenditures:

See accountant's compilation report.

## **VILLAGE OF EAST HODGE**

East Hodge, Louisiana

### **Notes to the Financial Statements (Continued)**

#### **Revenues**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the village and billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The taxes are normally collected in December, January and February of the current year.

Sales taxes are recognized as revenue when collected by the Jackson Parish Sales Tax Collection Agency.

Franchise taxes and intergovernmental revenues are recorded when the village is entitled to the funds.

Interest income on bank deposits is recorded when the interest has been earned and the amount is determinable.

Substantially all other revenues are recorded when they are received by the village.

Based on the above criteria, ad valorem taxes, sales taxes, franchise taxes, and intergovernmental revenues have been treated as susceptible to accrual.

#### **Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

#### **Other Financing Sources (Uses)**

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses) and are recorded when the underlying events occur.

The Water and Sewer Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund are included on the balance sheet. The Water and Sewer Enterprise Fund uses

See accountant's compilation report.

## VILLAGE OF EAST HODGE

East Hodge, Louisiana

### Notes to the Financial Statements (Continued)

the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Water and sewer fees are recognized in the period the service is provided to the customer. Salaries and other expenses are recognized when incurred.

#### **E. BUDGET PRACTICES**

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen each year. The budget is legally adopted by the board of aldermen. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. There were no budget amendments during the year ended June 30, 2000.

#### **F. CASH**

Cash includes amounts in demand deposits. Under state law, the village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

#### **G. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 2000, the village's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost. The bank balances of the deposits are fully secured from risk by federal deposit insurance.

See accountant's compilation report.

## VILLAGE OF EAST HODGE

East Hodge, Louisiana

### Notes to the Financial Statements (Continued)

#### **H. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructure general fixed assets consisting of roads, sidewalks, bridges, parking lots, and drainage systems are not capitalized, as these assets are immovable and of value only to the village. All purchased fixed assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Approximately 98 per cent of fixed assets are valued at actual cost, while the remaining 2 per cent are valued at estimated cost based on the actual cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received. No depreciation has been provided on general fixed assets.

The fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund net of accumulated depreciation. Interest costs incurred during construction are not capitalized. Depreciation of all exhaustible fixed assets used by the proprietary fund type operations is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 40 years.

#### **I. LONG-TERM DEBT**

Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

#### **J. RESTRICTED ASSETS**

Certain resources of the Water and Sewer Enterprise Fund set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited.

#### **K. CONTRIBUTED CAPITAL**

Federal grants that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

See accountant's compilation report.

**VILLAGE OF EAST HODGE**

East Hodge, Louisiana

**Notes to the Financial Statements (Continued)**

This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

**L. INTERFUND TRANSACTIONS**

All interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers.

**M. ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**N. TOTAL COLUMN ON THE  
COMBINED STATEMENT**

The total column on the combined statement is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position nor results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. CASH**

At June 30, 2000, the village has demand deposits (book balances) totaling \$11,264. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) at June 30, 2000, total \$12,103 and are fully secured by federal deposit insurance.

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

3. BUDGETED EXPENDITURES

For the year ended June 30, 2000, the General Fund's actual expenditures and other uses exceeded budgeted expenditures and other uses by \$3,056 or 21%.

4. LEVIED TAXES

For the year ended June 30, 2000, the village levied 6.35 mills on property with a taxable value of \$297,920, for general operating purposes.

5. RECEIVABLES

The following is a summary of receivables at June 30, 2000:

	General Fund	Water and Sewer Enterprise Fund	Total
Franchise taxes	\$725		\$725
Sales tax	237		237
Accounts		\$3,136	3,136
Allowance for doubtful accounts	NONE	NONE	NONE
Total	<u>\$962</u>	<u>\$3,136</u>	<u>\$4,098</u>

The statements contain no provision for doubtful accounts because the village is of the opinion that all amounts are fully collectible.

6. FIXED ASSETS

The following presents changes in general fixed assets for the year ended June 30, 2000:

	Land and Buildings	Improvements Other Than Buildings	Equipment	Total
Balance, July 1, 1999	\$138,167	\$210,015	\$185,262	\$533,444

See accountant's compilation report.

VILLAGE OF EAST HODGE

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

Additions			\$520	\$520
Retirements	NONE	NONE	NONE	NONE
Balance, June 30, 2000	<u>\$138,167</u>	<u>\$210,015</u>	<u>\$185,782</u>	<u>\$533,964</u>

A summary of proprietary fund type property, plant, and equipment at June 30, 2000, follows:

	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Water system	\$125,210	(\$112,566)	\$12,644
Sewerage system	<u>425,864</u>	<u>(292,650)</u>	<u>133,214</u>
Total	<u>\$551,074</u>	<u>(\$405,216)</u>	<u>\$145,858</u>

7. PENSION PLAN

The employees of the village are members of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the village contributes an equal amount to the Social Security System. The village does not guarantee the benefits granted by the Social Security System.

8. REVENUE BONDS PAYABLE

The liability for revenue bonds at June 30, 2000 consists of Water and Sewer System Revenue Bonds sold by the village in 1971 in the amount of \$129,000 to the United States Department of Agriculture, Farmers Home Administration, under the Water and Waste Disposal Systems for Rural Communities Loan Program (CFDA 10.418) to construct the water and sewer system. The bonds were subsequently sold to GMAC Commercial Mortgage Corporation. The bonds bear interest at 6 per cent annually. Interest payments are due March 1 and September 1 and principal payments are due September 1 through September 1, 2011 and are made solely from revenues derived from operation of the water and sewer system.

The following is a summary of revenue bonds payable transactions for the year ended June 30, 2000:

Revenue bonds payable at July 1, 1999	\$74,000
Additions	NONE
Retirements	<u>(4,000)</u>
Revenue bonds payable at June 30, 2000	<u>\$70,000</u>

See accountant's compilation report.

## VILLAGE OF EAST HODGE

East Hodge, Louisiana

### Notes to the Financial Statements (Continued)

#### 9. CONTRIBUTED CAPITAL

During the years ended June 30, 1998 and 1999, the village received a grant totaling \$96,347 from the United States Department of Housing and Urban Development to finance 100 per cent of sewer system improvements. The total cost of the sewer system improvements is reported as a fixed asset and contributed capital in the Water and Sewer System Enterprise Fund. The contributed capital amount is reduced each year by the amount of depreciation expense recognized on the fixed assets constructed with the grant funds. At June 30, 2000, accumulated depreciation on these assets was \$6,825.

#### 10. RESERVED RETAINED EARNINGS

The bond covenants for the 1971 Water and Sewer System Revenue Bonds discussed in note 8 above, require the village to establish the following reserve accounts:

- A. A "Revenue Bond Fund". The village must transfer into this fund, each month, one-twelfth of the principal and one-sixth of the interest due on the next principal and interest payment date. This fund is used to pay bond principal and interest as they become due.
- B. A "Revenue Bond Reserve Fund". The village must transfer into this fund, each month, an amount equal to 10 per cent of the amount to be paid into the Revenue Bond Fund each month until \$7,500 has been accumulated therein. Such amounts may be used only for the payment of maturing bonds and interest for which there would otherwise be default.
- C. A "Replacement and Extension Fund". The village must transfer \$30 into this fund each month until \$1,800 has been accumulated therein. The deposits in this fund may be used for unusual or extraordinary maintenance, repairs, replacements, and extensions and for the cost of improvements to the system. Money in this fund may also be used to pay principal and interest on bonds falling due at any time there is not sufficient funds in the other reserve funds.

The village has not funded the above funds in the manner prescribed by the bond issue. At June 30, 2000, the village has \$109 in restricted accounts to meet reserve requirements. No deposits were made to the Revenue Bond Reserve and Replacement and Extension funds during the year ended June 30, 2000.

See accountant's compilation report.

**VILLAGE OF EAST HODGE**

East Hodge, Louisiana

Notes to the Financial Statements (Continued)

**12. LITIGATION AND CLAIMS**

The village is not involved in any litigation at June 30, 2000, nor is it aware of any unasserted claims. The village maintains commercial insurance to provide protection against losses resulting from the damage or destruction of property or liability claims against the village. There were no significant reductions in insurance coverage during the year ended June 30, 2000. The village did not incur any costs resulting from a claim during the year ended June 30, 2000.

See accountant's compilation report.

**SUPPLEMENTAL INFORMATION SCHEDULES**

See accountant's compilation report.

**VILLAGE OF EAST HODGE**  
East Hodge, Louisiana  
**SUPPLEMENTAL INFORMATION SCHEDULE**  
As of and For the Year Ended June 30, 2000

**COMPENSATION PAID ALDERMEN**

The schedule of compensation paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:405, aldermen receive \$35 for each meeting they attend. Compensation of aldermen is included in personal services and related benefits expenditures of the General Fund.

**PRIOR YEAR FINDINGS**

The follow-up and corrective action taken on all prior year findings is presented in the summary schedule of prior year findings (Schedule 2).

**CURRENT YEAR FINDINGS**

The corrective action plan for current year findings is presented in Schedule 3.

See accountant's compilation report.

Schedule 1

VILLAGE OF EAST HODGE  
East Hodge, Louisiana

Schedule of Compensation Paid Aldermen  
For the Year Ended June 30, 2000

Oren Leonard	\$420
Kenneth West	420
W.C. Wilson	<u>420</u>
Total	<u><u>\$1,260</u></u>

See accountant's compilation report.

VILLAGE OF EAST HODGE  
East Hodge, Louisiana

Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2000

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Additional Explanation
Procedure 7	1998	Need to Amend General Fund Budget	No	See procedure 7 in current year findings.
Procedure 8(a)	1999	Disbursements Not Properly Supported	No	See procedure 8(a) in current year findings.
Procedure 9	1999	Agendas and Notices of Meetings Not Posted or Advertised	No	See procedure 9 in current year findings.
1999-1	1997	Need to Maintain Bond Reserve Accounts	No	See 2000-1 in current year findings.
1999-2	1998	Need to Maintain Checkbooks Properly and Reconcile Bank Accounts	No	See 2000-2 in current year findings.

See accountant's compilation report.

VILLAGE OF EAST HODGE  
East Hodge, Louisiana

Corrective Action Plan  
For Current Year Findings  
For the Year Ended June 30, 2000

Reference Number	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Procedure 7	The village did not amend its General Fund budget.	The village will amend its 2001 budget when actual expenditures and other uses exceeds budgeted expenditures by more than 5%.	Harry Mims, Mayor	June 2001
Procedure 8 (a)	Two out of six selected disbursements were not properly supported.	All future disbursements will be properly supported by original invoice or other documentation.	Harry Mims, Mayor	June 2001
Procedure 8 (b)	Six out of six selected disbursements were not properly posted.	All future disbursements will be properly posted to the correct fund and general ledger account.	Harry Mims, Mayor	June 2001
Procedure 9	The village did not post or advertise agendas or notices of meetings.	The village will publish notice of meetings on the town hall door at least 24 hours prior to the meetings.	Harry Mims, Mayor	December 2000

(Continued)

See accountant's compilation report.

VILLAGE OF EAST HODGE  
East Hodge, Louisiana

Corrective Action Plan  
For Current Year Findings  
(Continued)  
For the Year Ended June 30, 2000

<u>Reference Number</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
2000 -1	Need to Maintain Bond Reserve Accounts	The village will fund bond reserve accounts when sufficient funds are available.	Harry Mims, Mayor	June 2001
2000 - 2	The village did not maintain a record of its cash balance in the checkbooks nor were the bank accounts reconciled on a monthly basis.	The village will record all bank deposits, checks, and other bank charges in its checkbooks and maintain a checkbook balance. The bank accounts will be reconciled on a monthly basis.	Harry Mims, Mayor	January 2001

(Concluded)

See accountant's compilation report.

**Independent Accountant's Report on Applying  
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

MAYOR AND BOARD OF ALDERMEN  
VILLAGE OF EAST HODGE  
East Hodge, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the Village of East Hodge and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of East Hodge's compliance with certain laws and regulations during the year ended June 30, 2000 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for materials and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for materials and supplies exceeding \$15,000 nor disbursements for public works exceeding \$100,000, made during the year.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

Village of East Hodge  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2000

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

There were no names on the employee listing that were also included on the listing of immediate family members.

### **Budgeting**

5. Obtain a copy of the legally adopted budget and all amendments.

I obtained a copy of the legally adopted budget. There were no budget amendments during the year ended June 30, 2000.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the budget to the minutes of a meeting held June 8, 1999.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

Actual expenditures and other uses exceeded budgeted expenditures and other uses by \$3,056 or 21%. Actual revenues and other sources exceeded budgeted revenues.

### **Accounting and Reporting**

8. Randomly select 6 disbursements made during the period under examination and;
  - (a) trace payments to supporting documentation as to correct amount and payee;
  - (b) determine if payments were properly coded to the correct fund and general ledger account;
  - (c) determine whether payments received approval from proper authorities.

Village of East Hodge  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2000

An examination of six randomly selected disbursements disclosed the following:

- (a) Two of the six selected disbursements were not supported by adequate documentation.
- (b) The six selected payments were not properly posted to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

**Meetings**

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The village did not post or advertise notices or agendas for meetings.

**Debt**

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

**Advances and Bonuses**

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

Village of East Hodge  
Independent Accountant's Report on  
Applying Agreed-Upon Procedures  
June 30, 2000

This report is intended solely for the use of management of the Village of East Hodge and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

A handwritten signature in cursive script that reads "Carleen Dumas".

Calhoun, Louisiana  
December 1, 2000

## **Louisiana Attestation Questionnaire**

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas  
Certified Public Accountant  
369 Donaldson Rd.  
Calhoun, La 71225

Mrs. Dumas,

In connection with your compilation of the financial statements of the Village of East Hodge as of June 30, 2000 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of August 27, 2000.

#### **PUBLIC BID LAW**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [ ☐ ] No [ ☐ ] N/A [ ☐ ]

#### **CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [ ☒ ] No [ ☐ ] N/A [ ☐ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [ ☒ ] No [ ☐ ] N/A [ ☐ ]

## BUDGETING

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [ ☐ ] N/A [ ☐ ]

## ACCOUNTING AND REPORTING

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [ ☐ ] N/A [ ☐ ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [☒] No [ ☐ ] N/A [ ☐ ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No [ ☐ ] N/A [ ☐ ]

## MEETINGS

We have complied with the provisions of the Opening Meetings Law, provided in LSA-RS 42:1-12.

Yes [☒] No [ ☐ ] N/A [ ☐ ]

## DEBT

It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 -1410.65.

Yes [☒] No [ ☐ ] N/A [ ☐ ]

## ADVANCES AND BONUSES

It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [ ☐ ] N/A [ ☐ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known non-compliance which may occur subsequent to the issuance of your report.

Harry M. King  
Mayor

8/24/2000  
Date